

ARTICLE APPEARED
ON PAGE **A-19**NEW YORK TIMES
29 May 1986

Pelton Case Called Example of Big Spying Problem

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, May 28 — Some of this country's most sensitive secrets are in the hands, and heads, of thousands of servicemen, junior government workers and low-paid employees of contractors who are vulnerable to the entreaties of foreign intelligence agents.

A primary example of what can happen, according to the Government, is on display in Federal District Court in Baltimore at the trial of Ronald W. Pelton, a former employee of the National Security Agency charged with selling the Soviet Union details on several sensitive programs for intercepting communications.

Government officials say they are trying to formulate tighter security procedures to reduce the vulnerability of its employees, and also the temptation for the employees to initiate contact with foreign agents in the hope of making money.

But they acknowledged that this country's multibillion-dollar investment in code machines, satellites and various other listening posts will likely remain susceptible to compromise by the technical employees who operate them and process their data.

L. Britt Snider, director of information security at the Department of Defense, said: "Certainly, we hope the things we're doing are having an effect. But with many people necessarily involved in so many sensitive operations, you're going to have very large numbers of people with access to very sensitive information. Even the very low-level person may need to know very sensitive information to carry out their jobs."

Problem Is More Acute

The problem posed by low-level employees with wide access to information has become even more acute in recent years, Administration officials say. The Reagan Administration, with the backing of the Congressional intelligence committees, has more than doubled spending on intelligence collection in the past five years.

While the figure is classified, Government officials said a large part of the money, "many billions of dollars," according to one source, has gone into technological devices such as satellites. These projects can be rendered useless if their capabilities are disclosed, according to Administration officials.

In the past decade, there have been numerous examples of low-level employees who have provided Soviet agents or other those of other countries with intelligence coups.

There was William Kampiles, a Central Intelligence Agency employee who Soviet agents paid \$3,000 for the manual to a satellite that had incorporated some of this country's most innovative technology.

John A. Walker Jr., a retired Navy chief warrant officer, organized a spy ring that provided the Soviet Union with the capability to read the secret messages transmitted by the Navy's satellite communications system. And an unskilled employee of TRW, a military contractor, Christopher Boyce, with the help of a friend, Daulton Lee, disclosed a host of secrets to the Soviet Union about American satellites for monitoring Soviet nuclear weaponry.

A Pattern Is Seen

Administration officials contend that Mr. Pelton fits the Soviet agents' pattern of exploiting disgruntled present or former employees who need money. American intelligence generally tries to recruit officials at the upper levels of foreign governments, while the Soviet Union, officials say, concentrates particular attention on the "little guys." Officials also note that many of those who have done the most damage have initiated their relationship with Soviet agents.

Officials assert Mr. Pelton's case is an example of this trend. The prosecution has charged that he called the Soviet Embassy in January 1980 with an offer of something "very interesting" to sell. Months earlier, Mr. Pelton had filed for bankruptcy and quit the security agency. According to his bankruptcy filing, he had unsecured debts totalling \$34,050. His salary at the agency in 1979, his final year of employment, was \$24,500.

After leaving the agency, Mr. Pelton tried his hand at variety of unsuccessful business ventures and poorly paid jobs. At the same time, prosecutors charge, he supplemented his income by selling to Soviet agents virtually everything he could remember about security agency projects. He was paid a total of \$35,000. Government has charged.

Despite his relatively low pay, Mr. Pelton served as a budget officer of his branch at the security agent, giving him access to both ongoing projects and the agency's future plans, according to testimony by a former supervisor. One of the projects he is said to have compromised was an intelligence collection effort intended for use through 1990's, a supervisor testified this week.

Over the past two years, the Reagan Administration has taken several steps aimed at making it more difficult for the Soviet Union and the intelligence services of other countries to collect intelligence. The number of Defense Department employees and contractors

holding security clearances, who together represent more than 90 percent of the total number of clearances, has been cut from 4.3 million to 3.5 million, Mr. Snider said.